

197—10.4(534) Funds awaiting investment or distribution.

10.4(1) General. Funds held in a fiduciary capacity by an association awaiting investment or distribution shall not be held uninvested or undistributed any longer than is reasonable for the proper management of the account.

10.4(2) Use by association in regular business.

a. Funds held in trust by an association, including managing agency accounts, awaiting investment or distribution may, unless prohibited by the instrument creating the trust or by local law, be deposited in other departments of the association, provided that the association shall first set aside under control of the trust department as collateral security:

(1) Direct obligations of the United States, or other obligations fully guaranteed by the United States as to principal and interest;

(2) Readily marketable securities of the classes in which state-chartered corporate fiduciaries are authorized or permitted to invest trust funds under the laws of Iowa; or

(3) Other readily marketable securities as the superintendent may determine.

b. Collateral securities or securities substituted therefor as collateral shall at all times be at least equal in face value to the amount of trust funds so deposited, but the security shall not be required to the extent that the funds so deposited are insured by the Federal Savings and Loan Insurance Corporation. The requirements of this paragraph are met when qualifying assets of the association are pledged to secure a deposit in compliance with local law, and no duplicate pledge shall be required in such case.

c. Any funds held by an association as fiduciary awaiting investment or distribution and deposited in other departments of the association shall be made productive.